

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Petition of Peoples
Natural Gas Company, Division of UtiliCorp
United Inc. for Authority to Increase Its Rates
for Gas Service in Minnesota

ISSUE DATE: December 11, 1987

DOCKET NO. G-011/GR-86-144

ORDER APPROVING REFUND PLAN

PROCEDURAL HISTORY

On March 17, 1986, Peoples Natural Gas Company, Division of UtiliCorp United, Inc. (Peoples or the Company) filed with the Minnesota Public Utilities Commission (the Commission) a petition for increased gas rates, pursuant to Minn. Stat. Section 216B.16. The Commission issued its Order Accepting Filing and Suspending Rates on April 29, 1986.

On May 14, 1986, The Commission allowed Peoples an interim rate increase of \$5,838,000 for service on and after July 1, 1986 subject to refund

On January 16, 1987, the Commission issued its Findings of Fact, Conclusions of Law, and Order in this matter.

On June 10, 1987, the Commission issued its Order Granting Stay which required Peoples to submit a plan to refund annual interim period rates in excess of \$5,164,000 plus interest at the prime rate of interest. That Order required that the refund be reduced by \$86,895 to allow Peoples to recover conservation expenses incurred prior to the test year.

On June 19, 1987, the Commission issued its Order Approving Revenue Requirement Modifications to Reflect Provisions of the Tax Reform Act of 1986 and Approving Purchased Gas Adjustment Base.

On July 24, 1987, the Commission issued its Order Approving Compliance Filing which approved new lower rates to go into effect on July 15, 1987 and which required the Company to refund overcollections for the period July 1, 1987 through July 15, 1987 due to the federal Tax Reform Act of 1986, Public Law Number 99-514 (TRA).

On August 24, 1987, Peoples filed a plan to refund the amounts discussed above. In addition, the Company proposed to refund certain "offline contingencies" or amounts remaining from previous Purchased Gas Adjustment (PGA) refunds. Some customers that were due refunds went offline before the refunds were made, resulting in these leftover refund amounts.

No parties commented on Peoples' refund proposal.

Summary of Peoples' Proposed Refund Plan

The Company calculated the rate case refund to be \$640,019.61. After subtracting \$86,895.00 for conservation costs, the net refund would be \$553,124.61. Peoples proposed to refund this amount in the same proportion as interim rates were increased in accordance with other Commission approved rate case refund plans. See Northern States Power Company, Docket No. E-002/GR-85-558 or Inter-City Gas, Docket No. G-007/GR-84-669.

The TRA became effective July 1, 1987. Peoples implemented lower rates reflecting a reduction in its revenue requirement due to the TRA on July 15, 1987. Peoples calculated its refund liability for this 15 day period to be \$20,584.30.

The refund principle is \$573,708.90; Peoples proposed to add interest at the prime rate to the monthly balances, using a simple interest method. The offline contingencies refund amount is \$16,482.45. The total refund with interest through July 1, 1987, is \$613,540.34.

FINDINGS AND CONCLUSIONS

The issue before the Commission is whether Peoples' August 24, 1987 refund plan properly returns to customers monies that have been overcollected by the Company.

The Commission finds that the Company has accurately calculated the amount of money that must be returned to ratepayers. Further, the Commission finds that Peoples has proposed a refund method which is in accordance with prior Commission action and which will properly return overcollections to customers. The Commission concludes that it will approve Peoples' refund plan. Peoples will be required to submit a report to the Commission detailing the actual refund dollars and interest rates used.

ORDER

1. The refund plan filed by Peoples Natural Gas Company, Division of UtiliCorp United, Inc. on August 24, 1987 is hereby approved. The refund shall begin within 30 days of the issue date of this Order.

2. Peoples shall include a notice to customers with their bill explaining the refund.
3. Within 30 days of the completion of the refund, Peoples shall submit to the Commission a full report of the amounts refunded, the volumes on which the refund was based, and the interest factors used.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)